



## Equity Market Commentary

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We have expected volatility to return to the equity markets. Since the beginning of 2019, volatility indicators had fallen dramatically – up until this week. Consequently, we have been advising the use of hedging strategies for risk-averse clients. As a proxy for this approach, Luxon Global Hedged Equity, has declined 0.68% this week versus a 2.50% decline for the S&P 500.

The S&P futures are showing signs of downside exhaustion. If there is a rally following a weak market open today, that would signal a near-term end to the current pullback. Short-term oversold conditions are now affecting one-third of the S&P 500. If a rally fails to develop today, we expect a deeper pullback.

Luxon Asset Management tracks the following market indicators in order to gauge sentiment in the market (commonly referred to as fear and greed). Among those indicators, the McClellan Oscillator is the first to reach an oversold extreme (as indicated in green below). Other indicators are neutral but leaning towards fear.

		9-May	8-May	7-May	6-May	3-May
<b>Price</b>	S&P 500 Index (SPX)	2870.72	2879.42	2884.05	2932.47	2945.64
	SPX % Change	-0.30%	-0.16%	-1.65%	-0.45%	0.96%
<b>Breadth</b>	NYSE Advancers	1369	1585	694	1434	2906
	NYSE Decliners	2113	1872	2860	2034	783
	SPX % > 50-day MA	51%	53%	53%	69%	72%
	SPX % Oversold	33%	25%	16%	15%	16%
	SPX % Overbought	8%	10%	21%	27%	19%
	McClellan Oscillator	-154	-139	-137	-35	-78
<b>Sentiment</b>	CNN Fear and Greed Index	40	42	40	55	60
	AAll Bull-Bear Spread	19.9	19.9	17.7	17.7	17.7
	CBOE Volatility Index (VIX)	19.1	19.4	19.32	15.44	12.87
<b>Leadership</b>	NYSE New 52-Week Highs	27	25	23	73	105
	NYSE New 52-Week Lows	76	39	38	24	12
	NYSE NH – NL	-49	-14	-15	49	93
<b>Volume</b>	NYSE Volume (Billions)	3.03	2.89	3.19	2.68	2.80
	NYSE Up/Down Volume	-1.8	-1.2	-5.5	-1.9	5.3